

BEFORE THE  
ILLINOIS COMMERCE COMMISSION

DelTel, Inc. ) DOCKET NO.  
 ) 03-0604  
 )  
Application for a certificate of )  
interexchange authority to operate )  
as a reseller of )  
telecommunications services within )  
the State of Illinois. )

Springfield, Illinois  
October 28, 2003

Met, pursuant to notice, at 10:00 a.m.

BEFORE:

MR. JOHN ALBERS, Administrative Law Judge

APPEARANCES:

MR. PATRICK CROCKER  
Early, Lennon, Crocker & Bartosiewicz  
900 Comerica Building  
Kalamazoo, MI 49007  
(Appearing via telephone on behalf of the  
Applicant.)

SULLIVAN REPORTING COMPANY, by  
Tracy G. Bartolomucci, Reporter  
Ln. #084-003861

## I N D E X

## WITNESSES

DIRECT    CROSS    REDIRECT    RECROSS

Robert Huff

By Mr. Crocker

5

By Judge Albers

13

## I N D E X

## EXHIBITS

MARKED

ADMITTED

None marked.

1 P R O C E E D I N G S

2 JUDGE ALBERS: By the authority vested in me by  
3 the Illinois Commerce Commission, I now call docket  
4 number 03-0604. This docket was initiated by  
5 DelTel, Inc. The Applicant seeks a certificate of  
6 interexchange authority to operate as a reseller of  
7 telecommunication services within the state of  
8 Illinois.

9 May I have the appearances for the record,  
10 please.

11 MR. CROCKER: Yes. Patrick Crocker,  
12 C-r-o-c-k-e-r, with the firm Early, Lennon, Crocker  
13 & Bartosiewicz, address being 900 Comerica Building,  
14 Kalamazoo, K-a-l-a-m-a-z-o-o, Michigan, 49007,  
15 appearing on behalf of the Applicant, and today we  
16 have Robert G. Huff providing testimony in support  
17 of the application.

18 JUDGE ALBERS: Very good. Let the record  
19 reflect that there are no others wishing to enter an  
20 appearance.

21 Did you have any preliminary matters this  
22 morning, Mr. Crocker?

1           MR. CROCKER: Not necessarily, other than  
2           potentially amending the application in Paragraph 3  
3           to eliminate the second waiver request for Section  
4           735.

5           JUDGE ALBERS: Okay. So Section 735.180,  
6           you'd like to eliminate that waiver request?

7           MR. CROCKER: That's correct, Your Honor.

8           JUDGE ALBERS: Is that because it's subsumed  
9           within the general waiver requested in Part 735?

10          MR. CROCKER: That's correct, Your Honor.

11          JUDGE ALBERS: Okay. If nothing else then,  
12          I'll go ahead and swear in your witness.

13                 Mr. Huff, could you please stand and raise  
14          your right hand.

15                 (Witness sworn.)

16          JUDGE ALBERS: Thank you.

17                 Mr. Crocker, please proceed.

18          MR. CROCKER: Thank you, Your Honor.

19

20

21

22

1 ROBERT HUFF

2 called as a witness herein, having been duly sworn  
3 on his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. CROCKER:

6 Q. Mr. Huff, could you please state your name and  
7 business address for the record.

8 A. My name is Robert G. Huff, and the address of  
9 DelTel Corporation is 610 Newport Center Drive,  
10 Suite 330, Newport Beach, California, 92660.

11 Q. Okay, thank you. And what is your  
12 relationship or occupation with the Applicant here?

13 A. My relationship and my position with the  
14 corporation is Director of Operations.

15 Q. Okay. And is the purpose of your testimony  
16 today to describe the nature of the company business  
17 and to demonstrate the company's financial,  
18 managerial and technical ability to provide the  
19 services contemplated by the application?

20 A. It is.

21 Q. All right. Could you please briefly describe  
22 the nature of the telecommunication services that

1       you intend to offer customers within the state of  
2       Illinois?

3       **A.**     Yes. The Company intends to offer a full  
4       range of one-plus interexchange.

5               JUDGE ALBERS: Off the record.

6                               (Whereupon an off the record  
7                               discussion was held.)

8       **A.**     We intend to offer a full range of one-plus  
9       interexchange communication services on a statewide  
10      basis. Specifically, we intend to provide MTS  
11      out-wats and in-wats services.

12              JUDGE ALBERS: Could you spell those terms for  
13      the court reporter.

14      **A.**     I'm sorry, I did not hear that, Your Honor.

15              JUDGE ALBERS: Could you please spell the  
16      terms out-wats and in-wats for the court reporter.

17      **A.**     Yes. The term M as in Mary, T as in Tom, S as  
18      in Sue, out, o-u-t, hyphen, wat, w-a-t-s, and in,  
19      in, hyphen, wats, w-a-t-s, services.

20              JUDGE ALBERS: Thank you.

21      **Q.**     (By Mr. Crocker) Mr. Huff, just to clarify,  
22      isn't it the case that you're just trying to obtain

1 authority to provide traditional long distance  
2 service in the state of Illinois?

3 **A.** That's right.

4 **Q.** Makes it easier. And in what state is the  
5 Company incorporated?

6 **A.** The Company was organized under the laws of  
7 the state of California, and a copy of the  
8 Company's certificate of formation is attached, I  
9 believe you'll find there attached to the initial  
10 application as Exhibit B.

11 **Q.** Okay. And we talked earlier about this, but  
12 could you briefly describe your background in  
13 business and telecommunications?

14 **A.** I've been employed by DelTel, Inc. Since  
15 February of 2003, and prior to coming to the  
16 corporation I served as a senior executive with  
17 staff and operations experience for public as well  
18 as private sector businesses.

19 Most recently, prior to coming to DelTel,  
20 I was the co-founder and officer and a director of a  
21 behavioral care addiction medicine corporation, and  
22 I was designated by the SBA, as well as the federal

1 drug enforcement administration, the DEA, and the  
2 alcohol and drug program administration, ADP, as  
3 well as the state boards as a responsible head of 30  
4 corporate treatment facilities located in seven  
5 states.

6 I specifically served as the regulatory  
7 and compliance officer for the corporation  
8 responsible for local, state and federal licensure.

9 My experience with the telecommunications  
10 industry is not -- is not great, is not remarkable.  
11 My experience with dealing with regulatory and  
12 compliance issues and licensure is why I am actually  
13 working with this corporation, to look over that  
14 very important factor of our business.

15 **Q.** All right. Okay. And could you identify some  
16 of the other people involved with the management of  
17 this company and some of their responsibilities?

18 **A.** Sure. The founder and president and CEO, Kurt  
19 Waldfogel, W-a-l-d-f-o-g-e-l, brings more than 12  
20 years of corporate management and organizational  
21 development expertise. Mr. Waldfogel has  
22 specialized in consumer friendly commerce schools



1 relating to Internet product development, as well  
2 as the telecommunications industry, specifically  
3 providing Internet turnkey communication solutions  
4 for small business, also development and  
5 implementing telecommunications PC software, as  
6 well as an entire revolutionary PDX system in a  
7 single phone unit. His bottom line responsibility  
8 is for corporate operations and client relations,  
9 although I am handling the customer service part of  
10 our business.

11 Another person with the corporation is  
12 Christopher Landrom. Christopher is the senior vice  
13 president of the national marketing and partnership  
14 development. Mr. Landrom spent more than a decade  
15 marketing and promoting new technology to merchants  
16 and point of sale industries, and after operating a  
17 national ISO for about eight years, he joined  
18 APLS.com, a leading technology provider for point of  
19 sale platforms and rapid software development.

20 Another person is the vice president of  
21 sales, Rob Zarr. Mr. Zarr brings a little more than  
22 10 years experience in sales and marketing and

1 development of small business products. His current  
2 responsibilities include marketing and reseller  
3 acquisition. A very fine addition to the  
4 corporation. He is a partner in the organization,  
5 an officer as well.

6 The vice president of technologies and  
7 development is Tolga Tarhan, and Mr. Tarhan is  
8 responsible for all network and server maintenance.

9 JUDGE ALBERS: Could you spell that name,  
10 please?

11 **A.** Certainly. It's, the first name is spelled  
12 T-o-l-g-a, last name Tarhan, T-a-r-h-a-n.

13 JUDGE ALBERS: Thank you.

14 **A.** Mr. Tarhan has served as the director of  
15 development for Base X Corporation, a consulting  
16 company specializing in database management and  
17 online payment processing software, and he developed  
18 and customized payment process solutions for the  
19 Perot systems, and is a very fine asset to our  
20 organization as well, an expert in technology and a  
21 very fine addition.

22 That is our top management.

1       **Q.**     (By Mr. Crocker) Wow.   Okay.   And I know   you  
2       don't intend to offer operator services   initially,  
3       but if at a later date you seek to offer   operator  
4       services, will you comply with the   Commission rules  
5       concerning the provision of operator services?

6       **A.**     Should the Company add operator services   we're  
7       going to comply with the Commission rules,  
8       absolutely.

9       **Q.**     And what rates will the Company charge for  
10      services that it will provide to customers in  
11      Illinois?

12      **A.**     We'll provide telecommunication services to  
13      customers in accordance with the terms and the rates  
14      and conditions set forth by the Company's tariff.

15      **Q.**     And has the Company's financial   circumstances  
16      adversely changed since we filed this   application?

17      **A.**     No.

18      **Q.**     And when you verify an order to change long  
19      distance service, what method do you intend to  
20      utilize?

21      **A.**     Going to follow the FCC procedure for  
22      verifying orders to change long distance service.

1       **Q.**     As far as like the Company's procedure for  
2       handling consumer complaints, do you have an idea of  
3       what that could include?

4       **A.**     We have a very definite track.  The first line  
5       would be, for any issues relating to -- or any  
6       consumer issues would go directly to consumer  
7       services department and through a toll free 800 line  
8       dealing with any such consumer complaint situations.

9               After that point if there would be any  
10      technical and service quality issues, that would go  
11      either to the vice president of technology,  
12      Mr. Tarhan, or the president, Kurt Waldfogel.

13              If there are any tariff or pricing issues,  
14      they would go directly to the president, Kurt  
15      Waldfogel.

16              And if any issue at all were still not  
17      answered and handled to the satisfaction of our  
18      customers then we would kick it up the chain right  
19      to the Commission.

20      **Q.**     When you invoice your customers will you do so  
21      on a monthly basis?

22      **A.**     Absolutely, yes.

1       **Q.**     And will your name appear on the bill?

2       **A.**     It will.

3       **Q.**     And will you have a toll free number for the  
4       end users to use to contact the Company?

5       **A.**     Toll free. There is an e-mail address. There  
6       is an address as well.

7       **Q.**     As far as -- sorry to step back a second, but  
8       are there any formal complaints filed against the  
9       Company by any of the state or federal regulators,  
10      FCC, that kind of thing?

11      **A.**     Not that I'm aware of.

12      **Q.**     And any large scale slamming problems or  
13      cramming problems that you're aware of?

14      **A.**     No.

15             MR. CROCKER: Your Honor, I don't have any  
16      further questions.

17             JUDGE ALBERS: I have a few myself.

18                             CROSS EXAMINATION

19                             BY JUDGE ALBERS:

20      **Q.**     First, as a follow-up to that last question Mr.  
21      Crocker asked, are there any small scale slamming or  
22      cramming problems?

1       **A.**    Your Honor, I'm not aware, and I'm very  
2       sensitive to any kind of complaint or an issue like  
3       that, and I'm just not aware of any.

4       **Q.**    Okay.  Will DelTel be operating under any  
5       other name in Illinois?

6       **A.**    No.  We have a product that is -- that is  sold  
7       throughout the country, which is called PB-Next.  
8       It's a telephone, PC telephone service through an  
9       individual's PC, and eventually a new product is  
10      coming out, which is an actual full blown PBX  
11      telephone, physical telephone, that would be coming  
12      out the -- so you may --

13               JUDGE ALBERS:  Off the record.

14                               (Whereupon an off the record  
15                               discussion was held.)

16      **A.**    The PBX telephone system will be coming out in  
17      January.

18      **Q.**    (By Judge Albers) Okay.  Does that complete  
19      your answer then?

20      **A.**    Yes.

21      **Q.**    My next question, you submitted a copy of  your  
22      application to transact business in Illinois but I

1 don't see where that was approved or granted. Was  
2 that application approved?

3 **A.** Approved by whom, Your Honor?

4 **Q.** The Illinois secretary of state.

5 MR. HUFF: Can you answer that, Patrick?

6 MR. CROCKER: I'm looking at that. It looks  
7 like there's a file date of August 8, 2003 with  
8 Jessie White, Secretary of State. That's generally  
9 what we use as evidence of authority. I don't know.

10 JUDGE ALBERS: Well, sometimes companies  
11 file with it a letter from the secretary of state's  
12 office announcing that they are pleased to have the  
13 company join the list of companies authorized to do  
14 business in Illinois, and I didn't see anything like  
15 that.

16 MR. CROCKER: We could probably get a copy of  
17 that and submit a late filed exhibit, Your Honor.

18 JUDGE ALBERS: Well, it's not so much that I  
19 was looking for a hard copy of an exhibit but just  
20 confirmation in some form that authority has, in  
21 fact, been granted. And can Counsel represent that  
22 it's been granted, if you know?

1           MR. CROCKER: Yeah. This is -- we generally  
2           don't -- generally, Corporation Guarantee Trust  
3           will not send off to us evidence of authority.  
4           They've given us this document as evidence of  
5           authority to transact business.

6           MR. HUFF: Patrick, may I ask a question to  
7           you? I'm looking at a correspondence, piece of  
8           correspondence from Corporation Guarantee, that says  
9           Illinois registration filed 8-8-2003, hard copy is  
10          being sent to you today by mail, certificate of  
11          authorization to transact business in Illinois is  
12          here within transmitted.

13                     Is that what we're talking about here,  
14          Your Honor?

15          MR. CROCKER: The judge is used to seeing a  
16          letter that a company is this particular --

17          **Q.**     (By Judge Albers) Mr. Huff, what you read from  
18          that letter you have in your hand seems to answer  
19          the question to be yes.

20          **A.**     Okay. I would think so. And I do have a copy  
21          in the file. I have not received the hard copy but  
22          I have a transmitted fax copy.



1       **Q.**    I think if you are -- it sounds to me that you  
2       are in receipt of confirmation that you are, in  
3       fact, authorized to do business in Illinois?

4       **A.**    I believe that to be true, Your Honor.

5       **Q.**    Okay. We'll move on then. You've applied for  
6       authority to operate in other states, is that  
7       correct?

8       **A.**    That's correct.

9       **Q.**    Have any other states granted such authority?

10      **A.**    Yes, they have. On this same communication,  
11      Your Honor, the Florida registration was filed on  
12      May 5 as a hard copy.

13      **Q.**    Let me stop you there for a minute. What I'm  
14      asking now is different from being registered to do  
15      business. This is being authorized by the utility  
16      commission in whatever state to actually provide  
17      telecommunication services.

18      **A.**    We have filed --

19            MR. HUFF: Well, Patrick, would you have that  
20      correspondence in front of you that would indicate  
21      where we have been approved?

22            MR. CROCKER: I'd have to check. I didn't

1 even think about that.

2 **Q.** (By Judge Albers) Well, the problem,  
3 Mr. Huff, is Mr. Crocker isn't testifying.

4 **MR. CROCKER:** I could ask you -- okay.

5 **A.** I didn't plan on that. I do have  
6 correspondence here that will confirm, adhere to  
7 that regard, Your Honor.

8 **Q.** (By Judge Albers) If you need to take a minute  
9 to look through your correspondence, that's fine.

10 **A.** Okay, I'm looking at a letter dated  
11 communication, Early, Lennon, Crocker dated October  
12 2nd, and in this case Florida is pending, Illinois  
13 is pending, Michigan is authorized, Texas is  
14 authorized, and New York is pending.

15 Now, if there has been an update to that,  
16 I don't know, but in answer to your question, yes,  
17 we have been authorized in Texas and Michigan.

18 **Q.** Okay. Have any states denied authority, to  
19 your knowledge?

20 **A.** No, not to my knowledge.

21 **Q.** I also want to go back for a moment to the  
22 individuals employed by the corporation. From what

1 I can recall from your earlier testimony, Mr.  
2 Waldfogel is the only one who has actually had some  
3 work in the telecommunications industry, is that  
4 correct?

5 **A.** Mr. Waldfogel and Mr. Tarhan.

6 **Q.** Tarhan, okay.

7 **A.** Because they had worked together for a number  
8 of years.

9 **Q.** Now, does DelTel also employ technicians or any  
10 other non-officers, so to speak, with  
11 telecommunications experience?

12 **A.** Yes, Your Honor. Yes is the answer to that  
13 question.

14 **Q.** Can you describe then what those positions  
15 are, what those persons' responsibilities would be?

16 **A.** Other than they're very technical, they work  
17 directly for the vice president of technology and  
18 development. They are level two and higher  
19 technical persons that would deal with any technical  
20 problems, customer-related problems in the  
21 corporation. I can't specifically tell you their  
22 technical responsibilities.

1       **Q.**     Okay.  If a customer called DelTel with a  
2       technical problem, realizing it's still being  
3       offered on a resell basis, would DelTel be able to  
4       provide at least some level of technical  
5       troubleshooting expertise, so to speak?

6       **A.**     Yes.  If I may expand on that just briefly,  
7       customer service would go to a level one tech, a  
8       level two tech, and then beyond that  
9       Mr. Tarhan, Tarhan or the president of the  
10      corporation, who is also very technically capable.

11      **Q.**     Okay.  Now, at the business end of things,  
12      could you relate for me again who is experienced in  
13      areas of accounting and finance and what that  
14      person's background is again?

15      **A.**     Kurt Waldfogel is experienced, as well as in  
16      the technological aspect of the business, as a very  
17      astute business head.  And we have an accounting  
18      firm that works with us and financial advisors.

19      **Q.**     Okay.  What is DelTel's regular business hours  
20      for customer service purposes?

21      **A.**     At this time they are from seven a.m. until six  
22      p.m., five days a week.

1       **Q.**     Now, is that California time?

2       **A.**     Yes, sir.

3       **Q.**     If a customer has problems outside of regular  
4 business hours, how would they get that resolved?  
5 Technical problems, put it that way.

6       **A.**     At this time there is the capability to leave  
7 messages for call backs. Also, I would add, with  
8 the addition of this new product which will be  
9 coming out in January, just as an aside, it is --  
10 will be on the front cover of a magazine that goes  
11 to six million people a quarter. We are expanding  
12 our customer service not only in numbers and will  
13 have a customer service organization contracted to  
14 help us. We'll be expanding those hours of service,  
15 which includes the customers in Illinois, to --  
16 initially from seven in the morning until seven at  
17 night, and then, as needed, on a 24 hour, seven day  
18 a week basis.

19       **Q.**     So just so I'm clear, you expect in the near  
20 future customers will be able to contact DelTel  
21 with technical problems 24 hours a day, seven days a  
22 week?

1       **A.**     Yes, Your Honor.

2       **Q.**     Do you have any idea generally when that might  
3 occur, perhaps what month or quarter?

4       **A.**     In November we'll be training our customer  
5 service corporation in Utah, training their  
6 trainers, and I expect that that will occur probably  
7 after the first year, maybe at the end of January,  
8 or maybe the middle of January, but that will be  
9 expanded service.

10      **Q.**     Okay.

11      **A.**     I can't tell you at this point, Your Honor,  
12 that that will be 24/seven at that time. We're  
13 going to be expanding as we see that it's necessary  
14 to cover those calls that would be coming in.

15      **Q.**     Okay.

16      **A.**     We're very sensitive to that.

17      **Q.**     With regard to the waivers being requested,  
18 DelTel is seeking a waiver of Part 710, which  
19 requires that your accounts be kept in accordance  
20 with the Uniform System of Accounts. Can you  
21 perhaps explain why you want the waiver of Part 710?

22      **A.**     We keep our financials GAAP.

1       **Q.**    So generally then would you consider it to be  
2       an undue expense and effort to have to maintain a  
3       separate set of books and records?

4       **A.**    Your Honor, I'm sorry, we broke up there  
5       again.

6       **Q.**    I'll repeat, sure.  So generally, would you  
7       consider it to be an undue expense and effort to  
8       have to maintain a separate set of books and  
9       records?

10      **A.**    I do, Your Honor, yes.

11      **Q.**    Would any revenues earned in Illinois be  
12      distinguishable under your accounting method?

13      **A.**    Yes.

14      **Q.**    Now, you also seek waiver of Part 735, which  
15      applies to local exchange carriers.  Would I be  
16      correct in understanding that you seek a waiver of  
17      Part 735 because you do not intend to offer local  
18      exchange services?

19      **A.**    That is correct.  We're long distance.

20      **Q.**    Do you ever expect or anticipate that you will  
21      offer local some day?

22      **A.**    Not at this time, Your Honor, no.

1       **Q.**     Okay.  Does DelTel currently maintain its  
2       books and records at the 610 Newport Center Drive  
3       address?

4       **A.**     Yes, Your Honor.

5               JUDGE ALBERS:  Okay.  I think that's all I  
6       have.

7               Mr. Crocker, did you have any redirect?

8               MR. CROCKER:  No further questions, Your  
9       Honor.

10              JUDGE ALBERS:  Okay, thank you.

11              Thank you, Mr. Huff.

12              MR. HUFF:  Thank you, Your Honor.

13              MR. CROCKER:  Thanks for your patience,  Your  
14     Honor.

15              JUDGE ALBERS:  Mr. Crocker, did you have  
16     anything else then to add for your client?

17              MR. CROCKER:  No, I think everything is in  
18     order from this end.

19              JUDGE ALBERS:  If there's nothing further  
20     then, I'll go ahead and mark the record heard and  
21     taken.

22              Thank you, gentlemen.  
              (Heard and taken.)